

Message Text

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ACTION ARA-10

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FM AMEMBASSY TEGUCIGALPA

TO SECSTATE WASHDC 8998

INFO AMEMBASSY GUATEMALA

AMEMBASSY MANAGUA

AMEMBASSY SAN JOSE

AMEMBASSY SAN SALVADOR

USCINCSO

C O N F I D E N T I A L SECTION 1 OF 2 TEGUCIGALPA 0099

E.O. 11652: GDS

TAGS: PINT, HO

SUBJECT: CHIEF OF STATE LOPEZ' POLITICAL SITUATION AT BEGINNING
OF NEW YEAR.

REF: TEGUCIGALPA 0006

BEGIN SUMMARY: CHIEF OF STATE LOPEZ CONFRONTS THE NEW YEAR
IN A LESS SECURE POSITION THAN HE ENJOYED AT THE BEGINNING
OF LAST YEAR. ONE OF THE CAUSES OF THIS CHANGE WAS THE IM-
PACT OF HURRICANE FIFI ON THE PHYSICAL AND SOCIO-ECONOMIC
STRUCTURES OF HONDURAN SOCIETY. ANOTHER REASON IS THE
INEVITABLE DISSAPPOINTMENTS AND TENSIONS THAT DEVELOPED
AMONG VARIOUS SECTORS OF SOCIETY AS A RESULT OF LOPEZ'
ATTEMPTS TO CARRY OUT MODERATE REFORMS, BRING ABOUT RECON-
STRUCTION AND FURTHER DEVELOPMENT ALL AT THE SAME TIME.
END SUMMARY.

1. CAMPESINO AND LABOR GROUPS CONTINUED TO GIVE SUPPORT
TO THE LOPEZ REGIME IN 1974 BUT THIS SUPPORT TENDED TO
SLACKEN AS THE YEAR ENDED. THE TRADITIONAL NATIONALIST AND
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LIBERAL PARTIES, ON THE OTHER HAND, CONTINUED THEIR ADAMANT

OPPOSITION TO THE GOVERNMENT AND SUCCEEDED IN CREATING AT LEAST A PAPER UNITY ORGANIZATION (CUPREN) AIMED AT OPPOSING THE REGIME. THE PRIVATE SECTOR ADOPTED AN ALMOST TOTALLY NEGATIVE ATTITUDE TOWARD THE GOVERNMENT AND CONSTANTLY CRITICIZED ITS PROGRAMS AND ACTIVITIES.

2. THE SLACKENING OF SUPPORT FOR LOPEZ WAS APPARENT IN THE DECEMBER 22 DEMONSTRATION HELD IN SAN PEDRO SULA. CAMPESINO AND LABOR GROUPS ORGANIZED A DEMONSTRATION ON THAT DATE TO SHOW SUPPORT FOR THE GOVERNMENT AND ITS NATIONAL DEVELOPMENT PLAN. A SIMILAR DEMONSTRATION HELD IN SAN PEDRO SULA LAST JANUARY WAS ATTENDED BY APPROXIMATELY 60,000 PEOPLE WHO ENTHUSIASTICALLY SUPPORTED THE GOVERNMENT'S REFORM PROGRAM. THE DECEMBER 22 DEMONSTRATION WAS ATTENDED BY ONLY 15,000 PEOPLE WHO DID NOT DISPLAY ANY NOTED ENTHUSIASM. THE LACK OF A BETTER TURNOUT IS BEING USED BY THE POLITICAL PARTY-PRIVATE SECTOR OPPOSITION TO PROVE THAT LOPEZ IS LOSING SUPPORT AMONG HIS CAMPESINO-LABOR CONSTITUENCY.

3. LOPEZ' NEW YEAR'S ADDRESS (SEE REFTTEL) WAS ALSO DIFFERENT FROM LAST YEAR'S VERSION. IN LAST YEAR'S SPEECH, LOPEZ DRAMATICALLY OUTLINED THE ILLS SUFFERED BY HONDURAS AND PROPOSED A SERIES OF FAR-REACHING MEASURES TO DEAL WITH THEM. THIS YEAR'S ADDRESS WAS LITTLE MORE THAN A LISTING OF WHAT THE GOVERNMENT ACCOMPLISHED IN 1974 AND DID NOT DEVELOP ANY PROPOSALS FOR THE FUTURE. LOPEZ DID, HOWEVER, ANNOUNCE THE LONG-AWAITED AGRARIAN REFORM LAW.

4. HURRICANE FIFI WHICH STRUCK HONDURAS IN MID-SEPTEMBER DIVIDED THE YEAR INTO TWO UNEQUAL AND VERY DIFFERENT PERIODS. FROM THE FIRST OF THE YEAR UNTIL SEPTEMBER, THE GOVERNMENT CONCENTRATED ITS EFFORTS ON PUTTING SOME ASPECTS OF THE NATIONAL DEVELOPMENT PLAN INTO EFFECT. AS LOPEZ POINTED OUT IN HIS JANUARY 1 SPEECH, THE GOVERNMENT WAS SUCCESSFUL IN CREATING THE FORESTRY (COHDEFOR) AND INVESTMENT (CONADI) CORPORATIONS, ESTABLISHING A MINIMUM WAGE LAW AND FORMING BANASUPRO, AN OUTLET FOR BASIC FOODSTUFFS. WITH THE IMPACT OF HURRICANE FIFI, THE GOVERNMENT WAS FORCED TO TURN ITS ATTENTION TO THE IMMENSE PROBLEMS OF REPAIRING IMMEDIATE DAMAGE AND DEVELOPING PLANS FOR RECONSTRUCTION.

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5. THE GOVERNMENT FOUND ITSELF UNDER GREAT STRAIN IN ITS EFFORTS TO DEAL WITH THE PROBLEMS CREATED BY THE DISASTER. EVEN THOUGH IT SUFFERED FROM A NUMBER OF FAULTS, THE GOVERNMENTAL MACHINERY MANAGED TO DEAL WITH THE IMMEDIATE SITUATION AND TO FORMULATE PLANS FOR THE FUTURE. HOWEVER, LOPEZ' PERSONAL INACTIVITY DURING THE DISASTER WAS WIDELY NOTED AND CRITICIZED.

6. IN THE MIDST OF THE DISASTER, THE GOVERNMENT EXPERIENCED A CABINET CRISIS BROUGHT ON BY DISAGREEMENT OVER THE HONDURAN/EL SALVADORAN NEGOTIATIONS. THE NEGOTIATIONS HAD BEEN CARRIED OUT UNDER THE LEADERSHIP OF FONMIN BATRES OF HONDURAS AND FONMIN BORGONOVO OF EL SALVADOR. BATRES PRESENTED A DRAFT AGREEMENT CONCERNING A MEDIATION FORMULA TO A CABINET MEETING PRESIDED OVER BY LOPEZ ON OCTOBER 10. THE PROPOSAL WAS REJECTED BY THE CABINET AND AS A RESULT, BATES RESIGNED AND HIS RESIGNATION WAS ACCEPTED BY LOPEZ. LABMIN FONSECA AND MINECON BENNATON PRESENTED THEIR ORAL RESIGNATIONS TO LOPEZ IN SUPPORT OF BATRES, BUT LOPEZ DID NOT ACCEPT THE RESIGNATIONS. BATES' RESIGNATION AND REJECTION OF THE MEDIATION FORMULA EFFECTIVELY INTERRUPTED FURTHER CONTACTS WITH EL SALVADOR UNTIL DECEMBER. LOPEZ MET PRESIDENT MOLINA OF EL SALVADOR AT THE DECEMBER 1 INAUGURATION OF PRESIDENT SOMOZA AND LATER ON DECEMBER 13-14 AT THE CENTRAL AMERICAN CHIEFS OF STATE MEETING IN CARACAS. AS A RESULT, A TENTATIVE BASIS FOR FUTURE NEGOTIATIONS WAS DEVELOPED, BUT THERE ARE AS YET NO CONCRETE PLANS FOR THEIR CONTINUANCE.

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C O N F I D E N T I A L SECTION 2 OF 2 TEGUCIGALPA 0099

7. IN ADDITION TO A CABINET CRISIS, LOPEZ HAD TO CONFRONT INTERNAL DISSATISFACTION IN THAT MILITARY ESTABLISHMENT. DISSIDENT OFFICERS WANTED TO BRING ABOUT CHANGES IN THE GOVERNMENT WHICH INVOLVED SHIFTS WITHIN THE MILITARY ESTABLISHMENT ITSELF, AS WELL AS CABINET AND POLICY CHANGES. THE DISSIDENTS MET WITH LOPEZ IN MID-NOVEMBER AND PRESSED THEIR DEMANDS. LOPEZ SAID THAT HE ACCEPTED MANY OF THEIR VIEWS AND WOULD IMPLEMENT THEM HIMSELF. HOWEVER, THE DEMANDS OF THE DISSIDENTS HAVE NOT AS YET RESULTED IN ANY GOVERNMENTAL CHANGES. SOME OF THE DISSIDENTS CONTINUE TO CHAFE AT WHAT THEY REGARD AS HIS FOOT DRAGGING IN MAKING THE DESIRED CHANGES.

8. LOPEZ IS FACED WITH A SERIES OF RELATED PROBLEMS. HE MUST MOVE FORWARD WITH A PLAN OF MODERATE SOCIAL REFORM TO SATISFY HIS WORKER-CAMPESINO CONSTITUENCY, BUT HE ALSO MUST TRY TO REESTABLISH SOME DEGREE OF CONFIDENCE IN THE PRIVATE SECTOR. AT PRESENT, THE PRIVATE SECTOR AND THE TRADITIONAL POLITICAL PARTIES ARE OPPOSED TO THE REGIME AND THERE IS LITTLE PROSPECT THAT THIS BASIC OPPOSITION WILL SUBSTANTIALLY DECREASE IN THE FUTURE. ON THE OTHER HAND, LOPEZ IS AWARE THAT A HIGH DEGREE OF UNCERTAINTY WILL INHIBIT DOMESTIC

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INVESTMENT AND FURTHER UNDERMINE A WEAK ECONOMY. HE ALSO MUST KEEP IN MIND THAT THE ALMOST UNCONDITIONED SUPPORT FROM THE CAMPESINO-LABOR GROUPS THAT HE ENJOYED LAST YEAR IS NO LONGER THE CASE. THE SPEECHES AT THE RECENT MEETING IN SAN PEDRO SULA SHOWED CLEARLY THAT THESE GROUPS ARE CONDITIONING THEIR SUPPORT OF THE REGIME ON THE BASIS THAT IT WILL CARRY OUT FURTHER REFORM AND FULLY ENFORCE THE REFORM LAWS ALREADY IN EXISTENCE.

9. COMBINED WITH THE NEED TO BRING ABOUT MODERATE REFORM, THERE IS AN OVERRIDING CONCERN TO BRING ABOUT RECONSTRUCTION AND DEVELOPMENT. PRIOR TO HURRICANE FIFI, HONDURAS WAS ONE OF THE MOST UNDERDEVELOPED COUNTRIES IN THE HEMISPHERE, AND THE HURRICANE ADDED TO THIS CONDITION BY DAMAGING THE MAJOR PRODUCTIVE AREA OF THE COUNTRY. IN SHORT, THE GOVERNMENT IS TRYING TO CARRY FORWARD REFORM ACTIVITY, RECONSTRUCTION OF DAMAGED AREAS AND DEVELOPMENT OF THE COUNTRY ALL AT THE SAME TIME. GIVEN HONDURAS' HUMAN RESOURCES SUCH A TASK IS A LITTLE SHORT OF MONUMENTAL, EVEN THOUGH IT IS RECEIVING A LARGE AMOUNT OF FINANCIAL ASSISTANCE FROM THE UNITED STATES, OTHER COUNTRIES AND INTERNATIONAL ORGANIZATIONS.

10. LOPEZ, IN ADDITION TO THESE TASKS, MUST MOVE TO DAMPEN MILITARY DISSATISFACTION AS WELL AS MAKE CHANGES IN HIS CABINET. LOPEZ IS WELL AWARE OF THE DISSATISFACTION AND HAS PERSONALLY MADE AN EFFORT TO REASSURE HIS SUPPORTERS AND WIN OVER THOSE WHO ARE OPPOSED TO HIM. HE HAS BEEN IN

A POSITION OF POWER IN HONDURAS SINCE 1957 AND HAS AN EXTENSIVE PATTERN OF RELATIONSHIPS WITH THE MILITARY ESTABLISHMENT, THUS GIVING HIM A CLEAR IDEA OF THE INDIVIDUALS AND GROUPS INVOLVED. IN THE PAST, HE HAS ALWAYS SHOWN HIMSELF CAPABLE OF DIFFUSING AND NULLIFYING DISSENT. LOPEZ WILL UNDOUBTEDLY ATTEMPT TO DO THE SAME THING WITH THE PRESENT DISSIDENCE WITHIN THE ARMED FORCES. THE MAJOR PROBLEM FOR THE DISSIDENTS IS THAT THEY DO NOT HAVE A CANDIDATE TO REPLACE LOPEZ IF HE STEPS DOWN OR IS FORCED TO RESIGN. A MAJOR TEST OF LOPEZ' ABILITY TO DEFUSE THE PRESENT DISSATISFACTION WILL BE HOW SUCCESSFULLY HE MAKES CHANGES IN THE MILITARY ESTABLISHMENT AND IN THE CABINET IN THE NEAR FUTURE.

11. ANOTHER IMPORTANT TASK WILL BE TO SET IN MOTION FURTHER
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NEGOTIATIONS WITH EL SALVADOR. LOPEZ HAS STATED THAT HE HOPES NEGOTIATIONS CAN BE RESUMED SOON. HE IS ALSO AWARE, HOWEVER, THAT THE BORDER NEGOTIATION IS A POTENTIALLY EXPLOSIVE INTERNAL ISSUE. THEREFORE, HE WILL PROBABLY ATTEMPT TO HAVE NEGOTIATIONS RESUMED, BUT WILL WANT THOSE NEGOTIATIONS TO BE CARRIED ON WITHIN A FRAMEWORK WHICH CLEARLY SHOWS THAT HONDURAN INTERESTS ARE BEING PROTECTED.

12. LOPEZ FACES THE NEW YEAR WITH A HOST OF PROBLEMS CONFRONTING HIM, AND WITH LESS SUPPORT THAN HE POSSESSED A YEAR AGO. THE BASIC QUESTION IS WHETHER HE CAN PACIFY THE MILITARY, REORGANIZE HIS GOVERNMENT AND MEET HONDURAS' MYRIAD ECONOMIC PROBLEMS ALL AT ONCE. IN A VERY REAL SENSE, THIS IS THE MOST CRITICAL TIME LOPEZ HAS FACED SINCE HE ACHIEVED POWER IN 1963.
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